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SOCIAL DEVELOPMENT, INCLUDING QUESTIONS RELATING TO THE WORLD SOCIAL SITUATION AND TO YOUTH, AGEING, DISABLED PERSONS AND THE FAMILY

Letter dated 1 August 1994 from the Chargé d'affaires a.i. of the Permanent Mission of Yugoslavia to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the national report by the Government of the Federal Republic of Yugoslavia on social development (see annex).

I should be grateful if you would have the present letter and its annex circulated as an official document of the General Assembly under item 98 of the provisional agenda and brought to the attention of the second session of the Preparatory Committee for the World Summit for Social Development.

(Signed) Dragomir DJOKIC
Ambassador
Chargé d'affaires a.i.

* A/49/150.

ANNEX

Report by the Government of the Federal Republic of Yugoslavia on social development

I. INTRODUCTORY REMARKS

1. In the year in which the World Summit for Social Development is to be held, the Federal Republic of Yugoslavia will be facing an unprecedented situation in the 50-year-long history of the United Nations, the Organization whose Founding Member it is.

2. As a developing country which embarked upon the road of transition in the late 1980s, the Federal Republic of Yugoslavia has for the fourth year running been shaken by dramatic events whose impact on social development testifies most tellingly to the close interdependence of social and economic development and political events.

3. The effects of the unconstitutional secession by four of the former republics of the Socialist Federal Republic of Yugoslavia and their premature international recognition coupled with the impact of war in the neighbourhood, the resulting influx of refugees into the Federal Republic of Yugoslavia in its wake, and, on top of that, the devastating effects of international sanctions imposed without any justification alongside the blockade in the economic, social, humanitarian and other fields, have dramatically jeopardized former positive trends in the area of social development and have led to retrogression in the most vulnerable points.

II. APPROACH TO SOCIAL DEVELOPMENT AND THE RESULTS SCORED UNTIL THE EARLY 1990s

4. During the long-standing peaceful development in the former Socialist Federal Republic of Yugoslavia, as well as the republics presently making up the Federal Republic of Yugoslavia, the approach to social development was based on the principal assertion that economic and social development are interdependent, and thus also the economic and social policies that were by way of shared and specific instruments designed to improve and promote living standards, the health-related, educational and other capacities of the population and the well-being of the society as a whole.

5. Together with economic policy, social policy was seen as an integral part of the overall developmental policy and, in that context, it was meant to give developmental, preventive and protective effects.

6. Thus the broadly formulated social policy was turned towards the entire population. It was implemented on the principle of distribution according to labour and the principle of solidarity and mutuality. These principles hinged on the assertion that by their work the employed generate funds out of which net earnings are created as the basic source for the coverage of the personal spending of the employee and his family as well as for the financing of cash

transfers from the social security and welfare sectors, thereby ensuring the coverage of needs and personal expenditure of other population categories and provisions made for the delivery by the health and educational systems of in-kind services to the entire population.

7. The funds for financing social security transfers and health care and educational services were raised as contributions from the income of the enterprise sector and the employed, whereas the financial role of the State was confined to the area of care for the socially vulnerable population unfit for work and, therefore, not or not fully covered by the insurance system.

8. Thus the charted social policy was given effect by highly articulate laws and regulations, covered a broad range of entitlements and an equally ramified network of public institutions built in conformity with international standards and principles.

9. The right to education, granted to the entire population by the Constitution and elaborated in more detail by republic enactments, was given effect through rapid and comprehensive development of all levels of education, ranging from compulsory elementary education (for ages 7-15 years), and secondary education (15-19 years), to post-secondary and higher education (19-21 years and 19-23 years, respectively).

10. The regular educational system also covered, along with that mentioned above, special educational facilities for the disabled.

11. All services in the regular educational system were free of charge.

12. The laws of the republics regulate the right to health insurance and the minimum health care of the entire population. Funds for health care are raised through the compulsory insurance system by payment of contribution on the part of the beneficiary and the employer at proportional rates fixed in a uniform manner. Health care is only partially paid for directly by the beneficiary, in particular for special aspects of care. Funds for health care for persons not directly covered by compulsory insurance or who do not use the right to health care under any other insurance arrangement (for instance, for the unemployed, for persons claiming social welfare and the like), are set aside from the republic budgets.

13. Apart from the adopted concept of equality and socialization, the health policy is characterized by two other salient elements: by according priority to the promotion of health and to preventive health care; and by the continued upgrading of efficiency and accessibility of health care, including high-technology interventions.

14. The disability pension insurance is based on the principle of compulsory insurance coverage against any of the risks associated with this type of insurance: old age, disability and death. Initially, this system covered all employees in the non-agricultural activities of the private and social sectors and the employed in the socially owned agricultural sector, whereas later on it expanded to include active individual farmers as well.

15. Funds for the financing of benefits deriving from entitlements under this insurance scheme are obtained on a pay-as-you-go basis out of the contributions paid as a proportion of the income of the beneficiary (50 per cent) and of that of the employer (50 per cent). The rate of benefit depends on the length of contributory service and the volume of investment as well as on whether individual or family benefit is at issue.

16. The right to unemployment benefits is implemented on the principle of compulsory insurance coverage and funded with contributions from the employer's income and the employee's earnings. A requirement to be met before any entitlement under this insurance scheme can be acquired is earlier contributory service, loss of employment through no fault of the employee, and regular reporting to the employment service. The rights under this type of insurance include the right to unemployment compensation, unemployment allowance (assistance), pension and health insurance, child allowance, mediation in employment matters, reimbursement of costs incurred during preparations for employment, vocational training and retraining.

17. The social welfare system encompasses the welfare of those members of society who are for one reason or another unfit for work, as well as the prevention of different social problems and socially unacceptable and devious behavioural patterns. The direct beneficiaries of social welfare are children deprived of parental care, mentally or physically handicapped children, children from problematic families, educationally neglected children, adults whose earnings are not enough to cover their own subsistence and that of their family because they are unfit for work, sick or advanced in age, adults without a family of their own and with no earnings or insufficient earnings, as well as adults whose behaviour is deviant. The rights stemming from social welfare are given effect by means of direct cash transfers, by delivery of in-kind services to provide for rehabilitation, training for employment and assistance in finding employment, placement in an institution or with another family, or by the provision of community nursing and home care, the services of social workers and other services.

18. The social welfare system also includes financial support to poor families (social welfare allowance) which is paid out, irrespective of the causes of poverty, at a rate proportionate to the level of family earnings on the basis of a means test.

19. Additional forms of welfare geared to protecting the vulnerable sections of the population are also available within the maternity and child care system.

20. Child care encompasses cash and in-kind transfers. The main form of cash benefit is the child allowance, which has in the course of its past development largely played the role of a social welfare measure and was less geared to the population policy goals. In the area of child care, in-kind services are delivered to pre-school and schoolchildren at day care centres and also by pupils' and students' dormitories; just as with child benefits, the sharing of the user in the cost of services provided by such institutions is determined by a means test as a proportion of the total earnings of the family in question.

21. A wide gamut of rights to maternity care, i.e., the care of expectant and nursing mothers, has also been developed, ranging from paid maternity leave to specific forms of care provided to working mothers at their place of work.

22. It is worth mentioning that Yugoslav legislation has long recognized the right to maternity leave or leave of absence on account of care for the child of the child's father, guardian or adoptive father.

23. All children have equal rights under the law, irrespective of whether they have been born legitimately or out of wedlock.

24. The demographic environment of the Federal Republic of Yugoslavia, in which the overall developmental policy measures and the social policy within that framework were enforced and on which they had a feedback effect, is characterized by differences between its regions as great as those existing between the developed and the developing countries. On the one hand, the uninterrupted downward trend in the number of births, inadequate fertility rates (below the reproduction threshold), the growing trend of relatively high mortality rates, the widening area reporting negative natural increment rates, the ageing of the population, particularly female and non-urban populations, are responsible for the population in the largest part of the country assuming the features of a stationary and regressive model. On the other hand, there are regions, the most typical being the province of Kosovo and Metohija as part of the Republic of Serbia, where high birth rates persist, along with high reproduction and natural increment (see para. 26) and a remarkably large share of youth in the breakdown of population by age.

25. Judging by synthetic indicators for the country as a whole, the development of the population in the Federal Republic of Yugoslavia has been characterized for a number of years by sluggish growth and by a declining growth rate which - being at variance with both the depopulation limit and the high demographic pressure - would not cause any concern were it not to imply certain regional disparities attributable to the above-mentioned factors. According to the latest data obtained in the 1991 census, the two constituent republics of the Federal Republic of Yugoslavia (Serbia and Montenegro) had a population of 10.41 million. Compared with the earlier census conducted in 1981, this represents a 5 per cent increase, i.e., half the growth registered in the earlier decade (between the two censuses from 1971 to 1981).

26. The main source of population growth in the Federal Republic of Yugoslavia is the natural increment which, as already mentioned, has been low in the largest part of the country and has had a downward trend: the average annual rate, which was 9.1 per thousand from 1971 to 1981, declined in the subsequent decade to 6.6 per thousand and in the last 1991 census to a mere 4.9 per thousand.

27. External migrations, formerly a positive component contributing to population growth, were negative in the last census decade (1981-1991) and averaged -1.7 per thousand per annum.

28. Viewed at the country level, the population of the Federal Republic of Yugoslavia is relatively young: in 1991 persons under 20 years of age made up

30.7 per cent, while the share of persons over 60 years was 15.9 per cent. However, owing to the regional disparities in the reproduction pattern, the average is somewhere between the extremely young population, most typical of the province of Kosovo and Metohija, and the rapidly ageing population of other regions, with well-known demographic and social implications. In 1991, the average age of the entire population of the Federal Republic of Yugoslavia was 34.4 years, and life expectancy at birth 71.7 years for the entire population, i.e., 69.0 years for men and 74.6 years for women. The average size of a household was 3.6 members. In the same year, 51.2 per cent of the total population lived in urban areas.

29. The growth of the labour force was slower than the population growth. In 1991, the labour force made up around 45.6 per cent of the total population, or around 4.7 million in absolute terms.

30. Under the impact of a dynamic economic and social development and economic restructuring, the structure of the labour force underwent substantial changes over the years, with a decisive role being played by the creation of new job opportunities in the non-agricultural social sector, especially in industry. For many years and regardless of the relatively vigorous growth pattern, in evidence in a small number of activities, the number of private-sector employees did not account for any remarkable share in the total labour force employed by the non-agricultural sector.

31. Equality of treatment in the area of labour legislation and headway made in the area of education were important factors contributing to vigorous female employment, mostly on a full-time basis on a par with men, so that in 1990 about 38 per cent of the total number of employees in non-agricultural activities (2,640,000) were women.

32. The growth of employment, with minor or major fluctuations, was one of the most vigorous developmental components, except in the mid-1960s when, following the launching of an economic reform, stagnation set in followed by a decline in the number of employees in one particular year. This led to a major exodus of labour, a trend that persisted all through the mid-1970s when the receiving countries closed their labour markets to foreign labour. Although this did not halt the outflow to foreign countries, there emerged a growing repatriation trend, a trend largely spontaneous in nature and evolving without any assistance on the part of the receiving countries.

33. The vigorous creation of job opportunities in the social sector, i.e., in non-agriculture and in urban areas, brought the persistently shrinking share of farm labour down to 22.2 per cent in 1991.

34. However, it should be pointed out that despite the undoubtedly positive effects of dynamic employment on social development, the model of economic development, which encouraged a very large transfer of agricultural population into the non-agricultural categories, urbanization, a wide range of educational opportunities, and especially the model of labour legislation which guaranteed full job safety and numerous benefits stemming from employment in the social sector, led to pressure on employers in the social sector exceeding the sector's absorption capacity. This was partly responsible, even in the years with the

most vigorous employment patterns, for the growing unemployment rates. The onset of economic crisis precipitated unemployment growth and, as a result, registered unemployment made up 13.8 per cent of the total labour force in 1990.

35. Despite these and other problems, which, as time passed and especially in the years of exacerbated economic crisis, raised to the full extent and in a very harsh manner the question of further sustainability of the heretofore applied model of social development, this model brought about remarkable social progress, which was in evidence up to the early 1980s, and was largely preserved to the early 1990s. The facts given below indicate that the Federal Republic of Yugoslavia, with the per capita gross national product of US$ 2,530 in 1990, narrowed the gap between itself and the medium-developed countries on the strength of a number of social development indicators.

36. Full national food safety was secured. In 1990 the daily per capita supply of calories was 3,099. The average daily dietary supply included 93 grams of protein, 13.8 milligrams of iron and 5,289 units of vitamin A.

37. The share of food in the structure of household expenditures, which declined over the years, fell in 1990 to 36.0 per cent on average for all types of households. The relative decline of the share of funds used for the purchase of food, as the most inflexible item on the personal spending list, accounted for a constant improvement in household supplies and home appliances. Thus, in 1990, 70.10 per cent of households had an electric water-heater, 86.61 per cent a refrigerator, 72.39 per cent a vacuum cleaner, 64.24 per cent a washing machine and 35.03 per cent a motor car.

38. Up to the early 1990s when the economic crisis worsened, undermining job safety and eroding the real value of earnings, poverty was not a cause of concern and was confined mainly to rural areas.

39. Owing to the highly socialized health care which virtually covers the entire population, as well as to the level of development of the health care services (in 1990: 1 physician per 493 inhabitants; 1 dentist per 2,229; 1 pharmacist per 3,884; 5.8 hospital beds per 1,000) and state-of-the-art equipment and facilities for the delivery of health care services, the Yugoslav health care sector was in a position to extend primary, secondary and tertiary health care to all population categories in tune with the relevant needs and in conformity with the standards applied by the developed countries.

40. In 1988, for instance, 91.20 per cent of children were immunized and protected against six principal diseases requiring immunization. In 1990, 90 per cent of newborns were delivered by trained health personnel. From 1970 to 1990 maternal mortality dropped from 62.2 to 10.3 per 100,000 live births. In 1990, following a persistent downward trend, infant mortality was reduced to 22.8 per thousand, a high rate compared with that of the developed countries, but a major step forward relative, for example, to 1971 when it was as much as 51.4 per thousand. In this respect as well, as with the majority of vital statistics affecting demographic movements, regional disparities were very pronounced. The under-five mortality rate was 26.2 per thousand live births in 1990, compared with 64.4 per thousand in 1970.

41. Substantial changes were effected in the pattern of morbidity and mortality of the total population. By the end of the 1980s some communicable diseases had been totally eliminated or eradicated, and new health problems have since arisen on account of the increase in the number of chronic non-communicable diseases, the most common being cardiovascular and respiratory diseases, mental disorders, muscular and joint diseases, diabetes, malignant diseases, traumas, and the like. The overall death rate for the Federal Republic of Yugoslavia in 1991 was 9.8 per thousand, with an extremely low rate for the province of Kosovo and Metohija of a mere 4.8 per thousand. The most frequent causes of death (accounting for 54 per cent of deaths) were the diseases of the circulatory system (with a prevalence of cardiovascular diseases), followed by neoplasms (with 16 per cent).

42. Public outlays for health care most often varied between 4 and 5 per cent of the gross national product and accounted for 7.4 per cent and 6.6 per cent in 1990 and 1991 respectively.

43. The main synthetic indicators for the development of the educational system - the literacy rate and the average length of schooling - have shown an upward trend for a number of years. Thus, in 1991 the literacy rate for persons aged 15 years and over was 93.3 per cent. In 1980 the average length of schooling for the entire population aged over 25 years was 6.71 years. At the same time, the average length of schooling for the educated population of the same age was 8.09 years and, according to preliminary estimates, it exceeded 8.5 years in 1990.

44. The primary enrolment rate in compulsory eight-year-long primary schools has for years been within the range of 88 per cent (net) and was at that level for boys and girls alike in 1990. The number of early drop-outs from compulsory primary education, who made up some 50 per cent of the total enrolment figure, primarily girls, in the 1970s was substantially reduced by 1990, so that the number of completers compared with the total enrolment figure in the first form amounted to 84 per cent, and remained lower for girls in the same year (68 per cent) relative to the number of girls enrolled in the first form. After long-standing earlier growth, the secondary enrolment figure reached 66 per cent (gross) in 1990.

45. The post-secondary and academic enrolment (following completion of 12-year-long primary and secondary education) was 19 per cent (gross) in 1990, so that this educational level covered 14.9 per thousand of population in that year. In the same year, 1.8 students per thousand of population took their degree from post-secondary schools and universities.

46. Apart from raising the general level of education of the entire population and extending and improving the qualification level of the labour force, additional positive effects of the development of the educational system have been noticeable also in the promoted platform for the creation of research potential. In 1990 there were per thousand of the employed population 4.5 researchers with academic qualifications working at research or research and development institutions including universities (expressed as the equivalent of full working hours).

47. Over a number of years, public expenditures, out of which most of the development and services of the educational system were financed, amounted to about 5 per cent of the social product of the gross national product.

48. Yugoslavia's long-standing participation, as an equal member of the international community, in the drafting and application through national legislation of the provisions of numerous relevant international documents, has favourably affected social development and the development of measures and instruments geared to that purpose. Participating directly in the work of the relevant United Nations committees, Yugoslavia has played a remarkable part in the drafting of United Nations documents for the preparation and marking of international decades and/or years, and was often the initiator of such drives as well. Endorsement of activities, like for example the International Year and Decade of Women, the International Year of the Child, the International Year of Disabled Persons, the International Youth Year: Participation, Development, Peace and others, and the pursuit of relevant goals within national projects and institutions in cooperation with the United Nations have also made a remarkable contribution to social development in Yugoslavia. Alongside cooperation with the United Nations Yugoslavia also had well established cooperation on the European regional plane, as well as within the Movement of Non-Aligned Countries and other groups. All these activities both at the national and international levels have involved numerous Yugoslav experts whose contribution has been recognized and highly appreciated.

III. CRITICAL OVERVIEW OF THE DEVELOPMENT OF SOCIAL INDICATORS WITH THE OUTLINED THRUST OF NECESSARY CHANGES

49. The indicators presented testify to the achievements made by the Federal Republic of Yugoslavia in its social development. However, the time factor brought to the surface the fact that in the future such vigorous social development and the manner of policy implementation would prove untenable in the given economic environment. This was revealed to the fullest by the economic reform process initiated in the late 1980s with the primary goal of weathering the economic crisis caused by the inefficiency of the former economic system and its management practices. Namely, it then became evident that the social policy had anticipated rights to comprehensive social development at a level that was not rooted in reality in terms of economic development. Parallel to this process, certain problems surfaced and, regardless of the progress previously made in the social sphere, continued to plague economic reform and economic restructuring even though the earlier approach to social development did not consider those problems capable of assuming broader-range proportions in terms of wide-scale poverty and homelessness; delinquency and crime; and pronounced privation of the aged, the disabled and other vulnerable categories. It also transpired that social development could no longer rely exclusively on public funds and institutions.

50. Conditioned by the above insights, the re-examination of the earlier perception of the interrelationship between economic and social development and the concept of social development and the relevant implementation policy resulted in the identification of necessary changes, as follows:

(a) Economic development and the policy and measures required for its pursuit, accompanied by the revision of labour legislation, the adaptation of the measures and institutions of the labour market and human resource development policy. should pave the way for the revival of the economy and employment and, hence, peg social security and social progress to work and to remuneration as a predominantly market-conditioned category;

(b) In the interest of economic development and its long-term feedback effect on social development, revision of relevant legislation in terms of coverage, rates and entitlement holders, as well as the streamlining of the institutional network through which entitlements of import to social development are financed out of public sources, should bring public expenditures within real economic limits;

(c) Subject to giving the State an appropriate role, possibilities should be created for the burden of responsibility for social development and for the tackling of social problems to be partially and gradually transferred to the private sector, involving individuals, the family and non-governmental institutions.

51. Proceeding from these commitments, the social policy has been redefined in terms of its priorities, with emphasis placed on the mitigation of identified and emerging new sources of poverty and social dysfunctions, thus confining its redistributory role to the neediest population categories such as the jobless; the employed whose earnings are below the family subsistence level; elderly persons with low income and other population categories formerly covered by the social welfare policy measures.

52. The entities charged with the implementation of the changes outlined above could from the very beginning take advantage of the important fact that Yugoslavia, as can be seen from the text above, had defined, in tune with its needs and in line with the internationally accepted norms and standards, the rights and holders or rights under all forms of insurance and welfare, and the particular forms of transfer, as well as a wide network of institutions that play a part in social development.

IV. THE SOCIAL SITUATION IN THE EARLY 1990s

53. Developments in the early 1990s drastically changed the environment for the implementation of the reforms necessitated by economic and social development theretofore and most dramatically demonstrated, on the example of the Federal Republic of Yugoslavia, what pernicious effects political problems can have on economic and social development.

54. The anti-constitutional secession of Slovenia and Croatia followed by that of Bosnia-Herzegovina and Macedonia, reduced the territory of Yugoslavia from 256,000 to 103,000 square kilometres, and its population from 23.4 million to 10.4 million. The denial of the right to self-determination to the Serbs meant that over 30 per cent of the Serb population found themselves living in foreign environments. Numerous economic, social, family and other bonds permeating the life of the people were severed.

55. As the unresolved political problems and ethnic and religious contradictions came to a head in the aftermath of the secession the situation ultimately escalated into a bitter civil war in parts of the former Socialist Federal Republic of Yugoslavia whose consequences resulted in severe disruptions in the economic field in the Federal Republic of Yugoslavia.

56. Because of the shutting off of republican markets, the interruption of payment transactions, the erection of physical barriers to the flow of goods and services, and the consequent collapse of the entire infrastructural system and the total severance of economic ties between the Federal Republic of Yugoslavia and the secessionist and war-ridden republics, the Yugoslav economy suffered enormous losses. As their synthetic indicator, the gross national product, which in 1990 amounted to a total of US$ 26,590 million fell to US$ 23,665 million in 1991.

57. Under such conditions it became next to impossible to maintain the results achieved earlier in social development and to satisfy growing social needs brought about by the influx of refugees from the republics of the former Socialist Federal Republic of Yugoslavia.

58. According to the data of the competent authorities, since the outbreak of the political crisis in some months there were as many as over 670,000 refugees from the republics of the former Socialist Federal Republic of Yugoslavia in the Federal Republic of Yugoslavia, mostly from Croatia and Bosnia and Herzegovina. The number of refugees is however estimated to have been higher in some months by as much as 25 per cent or even more, because not all refugees are reported to the competent authorities. There are members of various nationalities among the refugees. Most of them are Serbs and Montenegrins, followed by Moslems and members of other nations and nationalities of the former Socialist Federal Republic of Yugoslavia.

59. There are two particularly pertinent facts demonstrating how the presence of refugees is reflected on the social situation in the Federal Republic of Yugoslavia:

(a) The most vulnerable population categories from both ends of the age pyramid prevail in the refugee population; children and youth and old people, whose vulnerability is, apart from their ages, also heightened by the state of their physical and mental health damaged by the factors because of which they left their earlier places of residence, for example, fear, physical threats, the loss of loved ones. This refugee population places a considerable additional strain on the resources and institutions of the educational and health care systems and the social security system. Namely, apart from accommodation and food, refugees are also ensured health care and education at all levels as well as social security, under conditions equal to those provided to the domestic population.

(b) Over 95 per cent of the refugees have been taken in by Yugoslav families, which, apart from accommodation, also extend other forms of assistance to them, in a situation when owing to the reasons already mentioned they themselves are faced with a sharply deteriorating living standard that with the introduction of the sanctions has fallen to a level recorded over 20 years ago.

60. Measures at the international level then followed. Initially within the European framework and then within the global framework, the international community, by its decisions which culminated in the adoption and implementation of Security Council resolutions 757 (1992) and 787 (1992) and then resolution 820 (1993), imposing a total economic and every other form of blockade, placed such constraints on the economic and social development of the Federal Republic of Yugoslavia and on its capacity to resolve fundamental problems included in the agenda of the World Summit for Social Development, as have no precedent in the history of world community.

61. The one-sided suspension of the agreement on cooperation between the Socialist Federal Republic of Yugoslavia and the European Economic Community and of its accompanying protocols, the exclusion by all developed countries of the Federal Republic of Yugoslavia from the General Scheme of Preferences, the suspension of the Federal Republic of Yugoslavia's participation in the activities of international organizations (the United Nations, the International Monetary Fund, the World Bank, the General Agreement on Tariffs and Trade) and of bilateral agreements in the area of international trade and other forms of economic cooperation have already seriously damaged and threaten further gravely to harm the economy of the Federal Republic of Yugoslavia and its position in international economic and financial processes in which it had been fully integrated for years.

62. Under the effect of the sanctions the gross national product fell by 26.2 per cent in 1992 relative to 1991, and the available estimates for 1993 attest to its further annual decline by about 30 per cent. In comparison with 1990 the gross national product in 1993 is lower by 52.7 per cent and relative to 1989 it amounts to only 43.3 per cent of the gross national product registered that year. The per capita gross national product which in 1991 still amounted to US$ 2,274, fell, according to estimates for 1993, to US$ 1,163.

63. The sealing off of Yugoslav borders for imports of raw materials, intermediaries and fuel severely affected all branches of the economy. Thus, according to the latest data, industrial output in 1991 fell by 18.0 per cent relative to the preceding year, in 1992 by 22.7 per cent and in 1993 by as much as 37.3 per cent. After having registered a 9.1 per cent growth in 1991, agricultural production registered a decline in the following years, by 18.0 per cent in 1992 and 7.2 per cent in 1993.

64. The interruption of export and import flows with foreign partners consequent to the blockade, among which the major ones were the countries of the European Union and other European countries, has had devastating effects on export-oriented activities and those branches and activities which used to be markedly import-oriented. Among these is the pharmaceutical industry as a branch of special, direct importance for the development of the health system and health care, those key components of social development.

65. The sanctions, in particular since the adoption of resolution 820 (1993), have dealt a severe blow to all types of the Federal Republic of Yugoslavia's transport and its communications with the world, as well as internally (the impossibility to import fuels, spare parts, etc.). The isolation of the Federal Republic of Yugoslavia has cut short the foreign tourist trade and domestic

demand for tourist services has substantially dropped owing to the strong decline in the purchasing power of the population.

66. The slackening of all other economic activities is also in evidence.

67. According to the latest figures, investments in 1991 fell by 13.9 per cent relative to the preceding year, in 1992 by 33.6 per cent and by as much as 38.6 per cent in 1993.

68. The interruption of payment operations has also adversely affected the inflow of foreign exchange from Yugoslav workers employed abroad, which has for a number of years been an important item in the country's foreign balance of payments. The recoupment of health care expenses incurred by Yugoslav nationals insured abroad has been rendered difficult or impossible, as has been the exercise of their personal right to the transfer of their pensions and other social security benefits which Yugoslav nationals and their families have become entitled to by working abroad.

69. The economic blockade jeopardizes the right of every individual to live in a healthy environment and adversely affects the attitude of the individual and of the community towards the environment and the need to treat it in keeping with sustainable development requirements.

70. The severance of economic ties with the world is attended by the isolation of the Federal Republic of Yugoslavia in virtually every other field, the consequences of which indirectly or directly detract not only from the possibilities for economic development but also from those for social, cultural and development in general.

71. The Federal Republic of Yugoslavia has been suspended from all scientific, technical and technological cooperation programmes. The implementation of national programmes initiated within the framework and with the financial backing of the United Nations Development Programme (UNDP) has been cut short. Relevant Yugoslav institutions have been prevented access to the most important international databases such as the European Organisation for Nuclear Research (OERN), the European Academic Research Network (EARN), the European On-line Information Network (EURONET), EUROBASE and the On-line Information Service (OLIS) and others. The exchange has been rendered impossible for experts, materials and equipment, and even for scientific and research publications; representatives of the Federal Republic of Yugoslavia are seldom invited to international symposia and scientific gatherings. Yugoslav radio and television have been excluded from the European Broadcasting Union.

72. One need not particularly stress either the consequences of the suspension of the Federal Republic of Yugoslavia from the work of numerous specialized agencies of the United Nations and other international organizations such as the International Labour Organization (ILO), the World Health Organization (WHO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Population Fund (UNFPA) and others that deal with issues of exceptional significance for the rights and status of individuals and the development of national strategies and policy in the fields of population,

health, education, employment and other key areas of social and cultural development.

73. Declining economic activity has strongly eroded the functioning of the labour market and the premise of earnings being a market category determining the financial and social standing of an individual and his family; likewise, it has arrested the process of disencumbering the economy of social costs. In 1993, the number of persons employed was lower than in 1990 by 400,000 or about 15 per cent. Among the employed, large numbers are redundant. It is however, very important to stress that among the latter, apart from redundant labour which would surface anyway given the process of restructuring now under way, there are large numbers whose labour would be required if it were not for the sanctions. While the sanctions are in force, such workers are, in conformity with adopted legislation, sent on paid leaves and are paid compensation during that period amounting to a certain percentage of their earnings by their employers at their own expense or with the assistance of State funds. It is indubitable that these arrangements have their economic price, but one should not lose sight of the fact that they are not motivated by social considerations only as a measure to protect income, but also by the effort, in the long-term interest of the economy, to prevent the erosion of the manpower base of the economy by dismissing these workers. This is all the more important if account is taken of the fact that a number of the employed, including top experts, are leaving their jobs and going abroad in search of better living conditions.

74. There are no precise figures yet on the number of professionals who have left the Federal Republic of Yugoslavia over the past three years, but it is certain that their number is not small and that they include the most eminent experts and scientists, whose leaving is a very heavy loss for the development of the economy and society.

75. In 1993, total registered unemployment rose to 15.1 per cent of the total workforce, with the rate being considerably lower for men (11.4 per cent) than for women (20.7 per cent). This difference merits attention, especially since the rate for men is by only 0.4 percentage points higher than it was in 1990, and for women by as much as 2.5 percentage points. In addition to persistent traditional factors which generally make employment more difficult for women (marked orientation to education for less rewarding jobs, etc.), this has also been contributed to by factors resulting from the deteriorating general economic and social situation. On the one hand, examples show that women feature more on dismissal lists, which potentially increases their share among the unemployed. On the other hand, the devastating effect of the crisis on living standard increases the need for the employment of women, as second family supporters, which results in ever larger numbers of women applying to employment services.

76. The immense fall of industrial production and of the overall social product has directly contributed to the lowering of the living standard of the entire population.

77. Average earnings in real terms, which in 1991 fell (relative to the preceding year) by 5 per cent, experienced a drastic decline upon the outbreak of the war and the imposition and subsequent tightening of the economic blockade: 48 per cent and 61 per cent in 1992 and 1993 respectively. Thus,

average earnings in 1993 retained only 18.9 per cent of their real 1990 value, or only 14.9 per cent of the purchasing power of average earnings in 1989.

78. The position of pensioners has been even more unfavourable. The average pension has been about 80 per cent of the average salary. In 1993 the average pension amounted to only 40.5 new dinars (equivalent to the same amount of deutsche marks) and retained only 17 per cent of its real 1990 value, or only 13.6 per cent of the purchasing power of the average 1989 pension.

79. The financial and social standing of the employed, pensioners and all other sectors of the population deteriorated as economic activity slackened throughout the period under observation, but it was in the second half of 1993 that the situation sharply worsened with hyperinflation gaining momentum month after month to reach towards the end of 1993 and in January 1994 20-30 per cent daily. The earnings of the employed in December 1993 amounted to only 24.6 dinars and in January 1994 to around 26 dinars (equivalent amounts in deutsche marks).

80. The purchasing power of earnings and pensions late in 1993 and in January 1994 declined so drastically as to bring to the verge of poverty over 85 per cent of workers' and over 92 per cent of pensioners' households respectively, which in the period in question could not procure even elementary foodstuffs, and consequently feared hunger, especially the elderly, with an increased mortality rate. The average earnings amount in that period could only buy 43 litres of cow's milk or 86 kilograms of the cheapest bread or 11 litres of edible oil or 1.2 kilograms of pork or 8.7 kilograms of washing powder.

81. The lower purchasing power of the population and the total blockade of foreign trade, especially in raw materials for processing, even those required for the pharmaceutical industry, have led to a virtual standstill in a number of industrial branches, with other facilities running at or under 30 per cent of their 1990 operating capacity. This has made processing industry products extremely costly, even more expensive than in many other countries having a considerably higher per capita income.

82. Owing to the drastic decrease of the purchasing power of earnings and other emoluments of the population stemming from labour and social security schemes, the physical volume of retail trade also declined: in 1991 by 2 per cent, in 1992 by 41 per cent and, after the savings deposits of households had been used up, by a further 75 per cent in 1993. In 1993, the physical volume of retail trade amounted to only 14.7 per cent of that in 1990. In 1993, the low income of the employed and of other population groups was sufficient only for purchasing the bare minimum of staples, above all bread, and some milk and edible oil. Trade in industrial consumer goods, for example, clothes and footwear, was reduced to a minimum, while sales of household appliances, furniture and other durable consumer goods were negligible.

83. Parallel with the decline in purchasing power, the pattern of use of household funds also changed. In 1991, of its totally available funds the average household spent 39.7 per cent on food, and in 1992 52.1 per cent; households in the lowest income brackets spent 51.1 per cent of their funds on food in 1991 and almost 64 per cent in 1992. With the rapid impoverishment of the employed and of the population in general it is estimated that in 1993

75 per cent of the available funds was spend on food on the average, and as much as 90 per cent in households in the lowest income brackets. Efforts aimed at alleviating the consequences of poorer nutrition, especially of children and the elderly, exhausted the very last reserves of households spent exclusively to buy food and the necessary medicines. Families with a large number of children have been in the most unfavourable position. The children's allowance which they have been receiving, notwithstanding regular revisions of its nominal level, could do little towards easing the general inadequacy of income deriving from other sources.

84. The consequences of the rapid and severe fall of living standard of most of the population resulting from the sanctions also led to a rapid deterioration of the health status and pathology of the population. The sanctions imposed a direct blockade on supplies to health institutions whereby the health system found itself in a situation of having to cater for a larger number of beneficiaries, including refugees, the wounded and other persons from the war-ridden areas unable to obtain health care elsewhere, employing its existing facilities, medical staff and equipment and with a marked shortage of medicaments, medical supplies and spare parts. The inevitable consequences of this situation are the poorer quality of health care and the deterioration of the health status of the population.

85. On the one hand, the Yugoslav health system is unable to administer adequate therapy owing to the lack of medicaments and other medical supplies or to implement complete diagnostic procedures, given the reduction of laboratory analyses and the postponement and reduction of the number of emergency interventions. The hygienic-epidemiological situation has seriously worsened. In 1991 and 1992 there was a reduction in the number of samples of drinking water tested and an increase of the percentage of microbiologically and chemically unsafe samples. In those two years, owing to the lack of diagnostic means, no examinations were made of the levels of affliction within various contagious diseases.

86. On the other hand, the need for health care services has been objectively growing with the decline in the living standard, especially where the most vulnerable groups are concerned (children, women, especially pregnant women, the elderly and the handicapped), with the large number of patients afflicted with chronic non-contagious diseases (who depend on daily health care for their fitness for work and indeed lives), and with the presence of several hundred thousand refugees where the share of vulnerable groups is even more pronounced than among the local population.

87. The consequences of these two groups of factors are evident: the reduced extent of health care delivery, belated reporting to the health services when conditions have progressed to feature grave complications, increased hospital mortality rates and increased number of deaths of untreated patients.

88. After the imposition of international sanctions, the existing health legislation had to be amended with rigorous restrictions being introduced, i.e., a screening of patients to be extended health care. In keeping with the federal Government's strategy and measures to ensure health care under conditions of sanctions imposed by the United Nations Security Council, absolute priority has

been accorded to children under 18 years and women during pregnancy, childbirth and for a year after childbirth, the elderly and urgent cases, as well as to patients suffering from infectious diseases. The health system has found itself in a situation where it has to focus on curative treatment and urgent and unpostponable interventions. Preventive activities have in some areas (regular and control examinations of infants, preschool and schoolchildren, pregnant women, women of child-bearing age) been reduced by as much as 30 per cent.

89. The percentage of children covered and protected by vaccination against six contagious diseases for which immunization is compulsory, and which in 1990 was over 90 per cent, fell to 82.02 per cent in 1992. For measles alone the coverage was reduced to 80.64 per cent in that same year, which resulted in children contracting this disease with graver complications, and even in epidemics (8 epidemics in 1992, 27 in 1993) with 19 deaths.

90. Acute respiratory infections pose an even more serious health problem and account for between 66 and 75 per cent of the total child primary health care burden. Owing to the lack of medicaments these diseases are treated either inadequately or not at all, and given the reduced immunological resistance of children they progress into chronic conditions and are attended by frequent complications, among which the gravest is pneumonia, with the number of afflicted in 1992 higher by 5 per cent.

91. Cases of poliomyelitis among children have been registered again (12 cases) as well as rheumatic fever complications. The incidence of malignant diseases and diabetes among children is also considerable. There is an increasing number of undernourished and anaemic children (every second child treated in hospitals in 1992 and 1993 had a severe condition of anaemia).

92. In the total number of deaths of infants and young children the share has grown of deaths caused by intestinal infectious diseases, from 6.8 per cent in 1990 to 11.1 per cent in 1992. An even larger increase of mortality caused by intestinal infectious diseases is in evidence among children from 1 to 4 years old (3.4 per cent in 1990, over 17 per cent in 1992). The situation is similar with deaths caused by respiratory system diseases. In the first five months of 1993, because of the impossibility of performing surgery, 41 babies with heart defects died at the child cardiac surgery wards in two Belgrade hospitals and a clinic in Novi Sad.

93. A marked rise has been registered in the percentage share of infant mortality caused by diseases incurred prior, during and immediately after childbirth (perinatal mortality), from 41.3 per cent in 1990 to over 47 per cent in 1992. The causes are associated with the health condition of mother and child as the number of risk pregnancies and prematurely born children has grown. The number of children born prematurely, which in 1991 was 8 per cent rose sharply to 15 per cent in 1992. The perinatal mortality rate per 1,000 live births, which in 1990 was 15.9 per cent grew to 16.9 per cent by 1992. The rate of early neonatal mortality which in 1990 was 9.6 increased to 11.0 in 1992.

94. The principal diseases and conditions of greater socio-medical significance established in women's preventive health care services are complications of pregnancy, confinement, puerperium, then miscarriages, sterility, anaemia in

pregnancy, malignant diseases; it is also important to note the increasing number of professionally unattended childbirths.

95. The changed pattern of adult morbidity is reflected in the increased number of patients suffering from non-contagious mass chronic diseases but also in the renewed incidence of contagious diseases.

96. The wider incidence of mass chronic non-contagious diseases especially features diseases of the circulatory system (in particular ischemic cardiac diseases, diseases of cerebral blood vessels, of pulmonary blood circulation), malignant diseases, diabetes, mental disorders, diseases of the digestive system, accidents and injuries.

97. Throughout the 1991-1993 period there was a marked shortage of broad-spectrum antibiotics, cardiotonics and psychopharmacological agents, but the most drastic has been the lack of antidiabetics and cytostatics (older patients have been taken off therapy); mass psychiatric diseases are seriously on the rise because of the lack of the necessary drugs; owing to the shortage of epileptic drugs epileptic seizures and exacerbated states are frequent; owing to the lack of immunosuppressive agents patients with organ transplants are at high risk; chronic renal insufficiency patients, instead of the needed three times are frequently dialysed only twice a week.

98. Treatment has become difficult and prolonged for many patients because they report for treatment late and with already manifest complications of the basic disease. Hence these diseases are the most frequent cause of death, with cardiomyopathy, acute cardiac arrest, occlusion of cerebral blood vessels, malignant diseases of the respiratory system being the leading ones. Mortality has increased in particular among the most sensitive population groups, chronic patients and the elderly.

99. Also on the increase is the number of homicides and suicides. From 1990 to 1992 the number of homicides rose by 30 per cent and of suicides by 12 per cent, which is also associated with the severe and protracted existential stress to which the population has been exposed.

100. The severe effects of the drastically exacerbated conditions for the functioning of the health system on the health status of the population in the Federal Republic of Yugoslavia are best demonstrated by the increased incidence of infectious diseases among both children and adults.

101. Apart from intestinal and parasitic diseases and droplet infections which have also occurred in epidemic form (in 1991, 188 epidemics with 3,693 sick people and in 1992, 249 epidemics with 9,488 sick people), of significance is also the heightened risk of tuberculosis. In addition, in 1992 10 cases of tubercular meningitis were registered.

102. Acquired immunodeficiency syndrome (AIDS) poses a great and increasing threat. The number of people who have contracted and died from AIDS is on the rise: from 1985 to 1993 a total of 322 patients were registered with the disease, of which 171 died. In 1990 there were 50 AIDS patients and 27 died,

and in 1993 54 new cases were reported and 22 died. An especially pronounced problem in this regard is the lack of reagents to test blood products for AIDS.

103. After a marked decline of their share in the morbidity pattern in earlier years, gonorrhoea and syphilis are registering a marked upward trend. Thus in 1990 the number of gonorrhoea patients was 401, in 1991 it was 387, in 1992 755 and in 1993 629, while the number of persons with syphilis in 1990 was 20, in 1991 24, in 1992 57 and in 1993 67 persons.

104. The total number of deaths from infectious diseases (without figures on AIDS-related deaths) increased in the period from 1990 to 1993 by 76 per cent. The number of deaths due to bacillary dysentery, encephalitis and measles rose in particular.

105. The indicators mentioned are not unknown to the international community. They are being repeated in this report as a reminder of the tragic effects of the sanctions, which are most drastically reflected on the health status of the population and threaten them with unforeseeable consequences not only for demographic development but also for the overall social and economic development which are closely interlinked.

V. THE SOCIAL SITUATION AT THE BEGINNING OF 1994

106. Late in 1993 the drafting began, and as of 24 January 1994 its implementation, of the programme of monetary reconstruction and economic recovery of Yugoslavia, the basic precept of which is self-reliance and drawing on remaining internal reserves. In view of the blockade of the Federal Republic of Yugoslavia's financial assets abroad as well as of its movable and immovable property and given the very modest foreign exchange reserves available in the country, this programme set objectives which realistically were hardly likely to be achieved, especially over a relatively short term. This in particular applied to:

(a) Curbing the enormous inflation, unprecedented in the history of Yugoslavia, and probably of the world, and its reduction to a yearly level of 6 per cent;

(b) Establishing a hard domestic currency and its convertibility, with the parity 1 dinar = 1 deutsche mark;

(c) Arresting the further decline of production, to be followed by the gradual recovery of economic activities and an increase of the social product in 1994 by 5 per cent relative to 1993;

(d) Reducing total public spending to a level of 42 per cent of the social product and a transition to financing public spending, after six months of the programme's implementation, exclusively from real income sources;

(e) Gradually increasing earnings, pensions and other emoluments in real terms and providing necessary humanitarian assistance to refugees and the destitute.

107. Shortly after its implementation started the programme yielded results beyond all expectations. The huge inflation amounting to several million per cent and in the two months preceding the inauguration of the programme as much as several tens of millions per cent monthly, was cut short as if by the turning of a switch. Soon the new dinar also became stable with the parity 1 new dinar for 1 deutsche mark, and has been such for six months now, while prices in the first five months increased by only 0.8 per cent. Production has picked up and is registering some initial increases and there has been a perceptible improvement in the supply of the retail market as well as of real earnings and other emoluments stemming from labour and social security; all this has bolstered the confidence of wide popular strata in the ultimate success of the programme. The deficit in the financing of public expenditures has been substantially reduced, as have interest rates on credits with a view to stepping up production.

108. The purchasing power of earnings increased in February 1994 in respect of virtually all foodstuffs and industrial consumer goods, but not in respect of utilities and services, especially water, heating electricity and personal services.

109. However, although average earnings and pensions as well as other emoluments accruing to households grew month after month, their purchasing power in April 1994 was still several times lower than in 1990. For instance, an average salary in 1990 could buy 703 litres of milk or 419 kilograms of cheaper bread, while in April 1994 it could ensure only 150 litres of milk or 123 kilograms of bread. In 1990 average earnings would buy 319 litres of edible oil or 65 kilograms of pork, and in April 1994 only 63 litres of oil or 16 kilograms of pork.

110. In the same period, April 1994, almost five average monthly salaries were needed to buy one refrigerator, almost nine for a colour television, almost eight for a washing machine, while in 1990 earnings for 20 days up to a maximum of a month and a half were sufficient to purchase these household appliances.

111. These selected indices illustrate the first positive effects of the programme on the living standard of the population. However, if observed relative to the situation several years ago and if due account is taken of the described accumulated problems in the health sector and in other areas of social development, in which, by the nature of things, positive changes cannot be achieved over so short a period as six months, it is quite clear that the economic and social recovery of the Federal Republic of Yugoslavia, pulling out its population from wide-ranging poverty and overcoming the country's lagging behind the rest of the world, will indeed be a lengthy and laborious process.

VI. CONCLUDING REMARKS

112. It is indubitable that the identified problems of social development in the Federal Republic of Yugoslavia are a tragic reflection of the circumstances prevailing in the world in which we live. The causes and the severity of these problems, among which notably those of productive employment, poverty and social integration, pose before the World Summit for Social Development the question of

how problems can be addressed by drawing solely on one's own forces, in total international isolation, in a country which still features characteristics of a developing country and is at the same time confronted with problems attending the initial stages of the process of transition.

113. Numerous United Nations analyses and documents, including those made in the course of preparations for the Summit, clearly indicate that the globalization of the problem of the absence of adequate and equitable possibilities for the development of productive employment, for the elimination of the causes of and eradication of poverty, for the better social integration of all categories of the population, calls for global solutions, primarily through accelerated economic growth and the more equitable international distribution of its results. Expectations that with the end of the cold war the road would be paved for achieving actual agreement on such an approach and resources released to serve, rather than for destruction, for the development and progress of material and human resources, were soon dispelled.

114. Instead of that, the early 1990s witnessed the continued deceleration of the growth of the world economy, attended by major political changes with manifold consequences. In close conjunction with the economic crisis, political problems constitute a major limitation standing in the way of the resolution of social problems and of achieving social progress. The sanctions which the international community has imposed on the Federal Republic of Yugoslavia, a Founding Member of the United Nations, represent an example of such limitations, in fact unprecedented in the history of this Organization, under the aegis of which the Summit is to be convened.

115. The sanctions are denying an entire nation the right to development, a right upheld by numerous documents adopted by the international community, including the special Declaration on the Right to Development, adopted on 4 December 1986, with whole-hearted efforts on the part of Yugoslavia, by the General Assembly (resolution 41/128, annex). And, inter alia, the Declaration states that the human person is the central subject of development and should be an active participant and a beneficiary of the right to development. Although in this context the Declaration stresses that States have the primary responsibility for the creation of national and international conditions favourable to the realization of the right to development, it equally underlines that it is the duty of States to cooperate with each other in ensuring development and eliminating obstacles to development. Without any justification whatsoever, the Federal Republic of Yugoslavia has for the past two years been totally excluded from such cooperation.

116. The maintenance of the sanctions and of the total international blockade, despite the efforts being made internally, shall have immeasurable consequences for the economy and the population of the Federal Republic of Yugoslavia.

117. Notwithstanding the initial results of the programme of monetary reconstruction and economic recovery of the Federal Republic of Yugoslavia, for any more significant production increases to be achieved and the financial and social standing of the population to be improved, it is necessary for the sanctions to be lifted and for the Federal Republic of Yugoslavia to be reintegrated in international monetary, economic and all other processes.

118. The secession of parts of the former Federation and the sanctions and international blockade have so far inflicted vast damage on the Federal Republic of Yugoslavia's economy, estimated at around US$ 45,000 million. Without the Federal Republic of Yugoslavia's reinclusion in international economic, financial, trade and other flows, it will be impossible for the marked underutilization of economic capacity and the very low living standard to revert to their 1989 levels even over the next several years. Estimates indicate that in the more favourable social product growth scenario, of 8 per cent annually, on the assumption the sanctions are soon eased and thereafter also lifted, it would take 11 years for the Federal Republic of Yugoslavia to reach its 1989 social product level, while in the less favourable variant, i.e., the continued application or only a partial easing of the sanctions and a 5 per cent average social product growth annually, as many as 17 years would be required. Compared with 1989, the total immediate loss on account of the unrealized social product alone would, in the more favourable scenario, amount to US$ 125,000 million, and in the less favourable one, over US$ 148,000 million. It is certain that this would entail unfathomable consequences for social and economic development.

119. Everything that has been said in this report points to the one question that the Summit should address: How is the Federal Republic of Yugoslavia, account being taken of the very long time it would require to return to its economic and social development level of five years ago, concurrently to seek to keep abreast of other countries in adjusting to changes that the twenty-first century brings to contemporary civilization and so prominently featuring in United Nations documents? How is it to give practical effect to those documents and to the conclusions of the Summit, unless the necessary headway is made in dealing with and eliminating political problems that crucially affect the resolution of development problems?

VII. PROPOSED CONCLUSIONS

120. In July 1994, the federal Government reviewed and accepted the present report of the Government of the Federal Republic of Yugoslavia prepared for the World Summit for Social Development to be convened at Copenhagen in March 1995 and agreed that the report be submitted via the usual channels to the competent body of the United Nations.